

Supply Chain Strategy

2015



Supply Chain Strategy

Introduction and context

Accountable owner and operator

Highways England has been set an unprecedented challenge through the first ever Road Investment Strategy (RIS) in terms of investment and performance improvement in operation of the strategic road network, and transforming the experience for road users.

Big ambitions

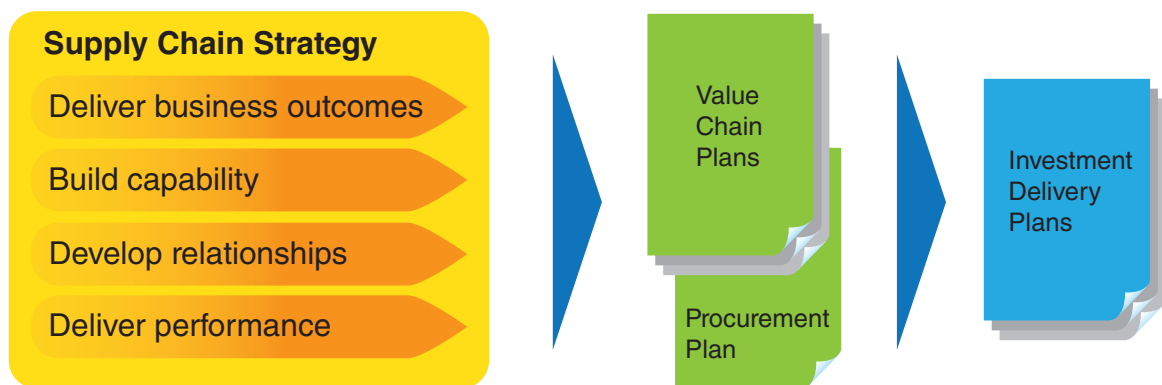
The pursuit of more efficient and effective customer focussed solutions that are more economic to deliver and operate, and where the safety of users and workers is our primary driver, is core to everything we do.

Productive relationships

The certainty of funding and significant ramp up in expenditure from year 3 of the roads period gives confidence to invest in people, equipment and growing organisational capability. More advanced relationships will allow processes to be streamlined to free up critical resources.

Evolving journey

Collaborative relationships will allow us to draw more strongly on learning and innovation, pulling both UK and overseas best practices. Progressively this will redefine how we work together.



Supply Chain Strategy sets out where Highways England and highway suppliers work together:

- aligning around clear and transparent shared objectives
- engaging on structures to deliver performance and improvement
- committing to develop and deliver the capability and capacity

Value Chain Plans focus on the priority areas we will work on together to create better value on specific areas of investment. This suite of Value Chain Plans will develop over the investment period.

Procurement Plans give rolling visibility of current plans around timing and route to market. These will be updated throughout the investment period.

Investment Delivery Plans will reflect the Supply Chain Strategy, Value Chain and Procurement Plans as they are brought forward for approval.

Delivering business outcomes

An owner and operator with clear performance accountabilities

A network fit to face the future

The Road Investment Strategy (RIS) sets out the Department for Transport's bold aspirations for a Network that by 2040 is safer, smoother, smarter and more sustainable.

Driving performance in a balanced way

The Performance Specification reinforces the Department for Transport's strategic vision identifying eight key performance areas around:

- making the network safer
- improving user satisfaction
- supporting the smooth flow of traffic
- encouraging economic growth
- delivering better environmental outcomes
- helping cyclists, walkers and other vulnerable users
- achieving real efficiency
- keeping the network in good condition

[RIS and Strategic Business Plan](#)

Investment to create a better network

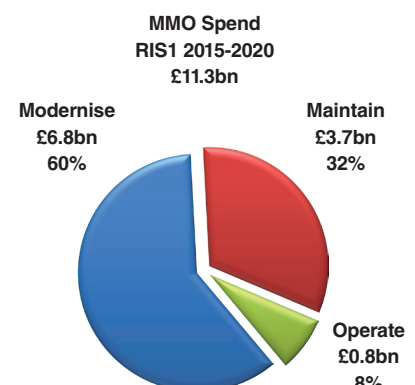
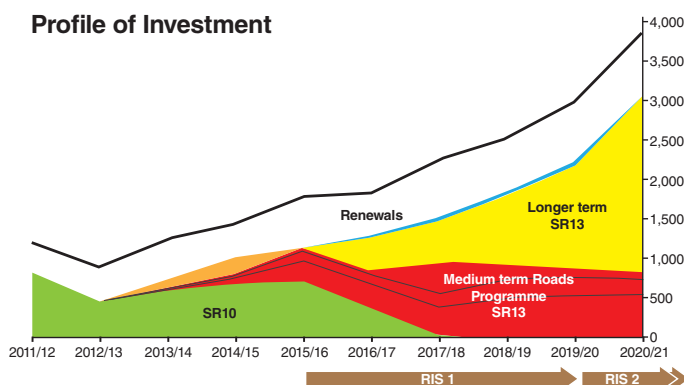
The priorities during the first road investment period are to:

- address the step-up in performance
- deliver a significant ramp-up in investment
- create the right foundations for later investment periods

Evidencing delivery and performance improvement starts in year 1 along with preparations for the significant ramp up in investment level in year 3 of the Road Period.

Highways England will make best use of the increased certainty of long term funding to enable better journeys on better roads with improved service to customers by:

- **Modernising** our core motorways and upgrading some of the most important major routes to provide more capacity and better connections ... £6.8bn over 2015-20.
- **Maintaining** the network safely and efficiently with minimal impact on drivers and communities ... £3.7bn over 2015-20.
- **Operating** the network to keep traffic moving and our customers better informed ... £0.8bn over 2015-20.



Building capability

An owner operator of infrastructure services

A service delivery company

Highways England's accountability builds from us being a client of asset improvement and maintenance, to one where we take a greater service delivery perspective with:

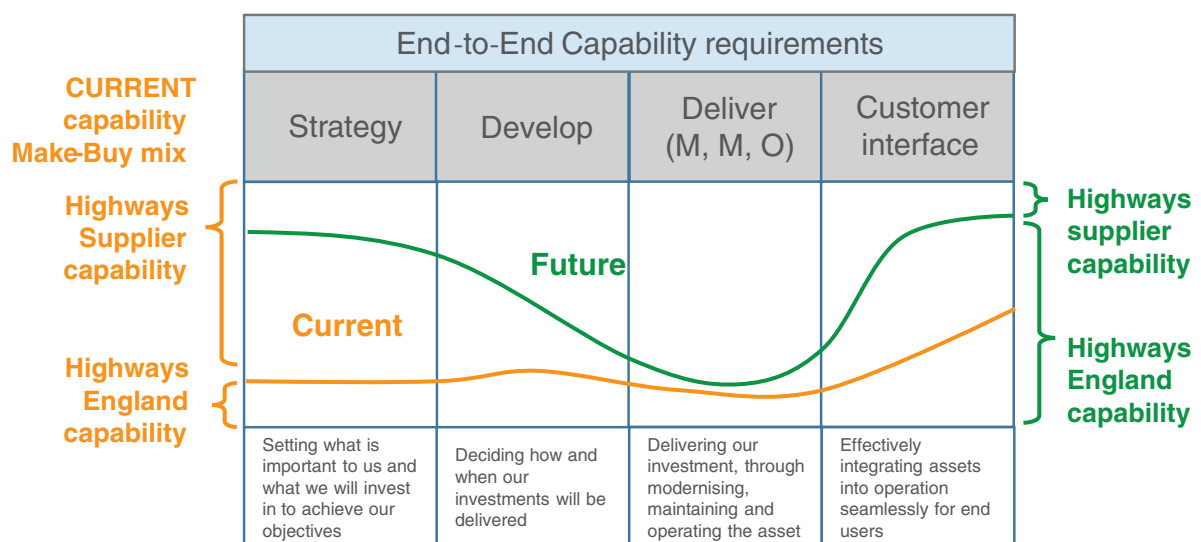
- more outward focus in understanding and delivering to end users
- greater ownership of how we invest to modernise, maintain and operate the highway infrastructure for the benefit of end users

Developing end to end capability

We will progressively balance and build the core capabilities and competencies we need to respond with:

- greater ownership of front end strategic direction and planning
- more active ownership in options development and investment decision making
- more influence in driving efficient and effective delivery
- better leadership in integrating assets into operation to better fulfil service delivery to users
- more informative customer insight

We will grow Highways England's capability and progressively this will over time change the balance of capability we pull from highway suppliers as we evolve how we modernise, maintain and operate the network.



Changing nature of our work

The nature of our work is changing such as Smart Motorways programme requires systems engineers and software engineers; and we need behaviourists to understand the psychology of how people behave. Value Chain Plans will identify specific capability plans and shape business models moving forward.

Building capability

Capability matched to the scale of the endeavour

Approach to building capability

The Strategic Business Plan sets the key dimensions for delivering improved performance:

Efficient and effective delivery	Building stronger relationships	Growing our capability	Planning for the future	Improving customer service
<ul style="list-style-type: none"> making investment go further efficient - delivering outcomes for less money effective – deliver outcome over the whole life 	<ul style="list-style-type: none"> working together to deliver investment where it is most needed 	<ul style="list-style-type: none"> creating a high performance organisation enabling people to perform, innovate and keep improving 	<ul style="list-style-type: none"> making the best of increased investment and long-term funding 	<ul style="list-style-type: none"> delivering a better service that aligns with customers' needs

A focus on change

Against these dimensions, the following describes the extent to which we need to change in order to meet the new levels of performance expectation and growth in investment.

Operational Performance Challenge	SC - Step Change	Effective Delivery	Efficient Delivery	Building Stronger Relationships	Growing our capability	Planning for the future	Improving Customer Service
	CI - Continuous Improvement						
	SP - Sustain Performance						
Modernise	Smart Motorways	SC	SC	CI	SC	SC	SC
	Regional Investment	SC	CI	SC	SC	SC	CI
	Complex Infrastructure	SP	CI	CI	SC	CI	CI
Maintain	Renewal: Pavement	CI	SC	CI	CI	SC	CI
	Renewal: Structure	SP	CI	SP	SP	SP	CI
	Routine Maintenance	SC	CI	CI	SC	CI	SC
	Routine Technology	SC	CI	CI	CI	SP	SC
Operate	Customer Information	SC	SP	SC	CI	SC	CI
	Control Room	CI	SC	SP	SC	SP	CI
	On Road	SP	SC	SC	CI	SP	SC

Pace

By year 3 of Road Period 1 evidence of the improved capability and performance needs to be in place to be confident that the increase in investment can be predictably managed and delivered.

Develop relationships

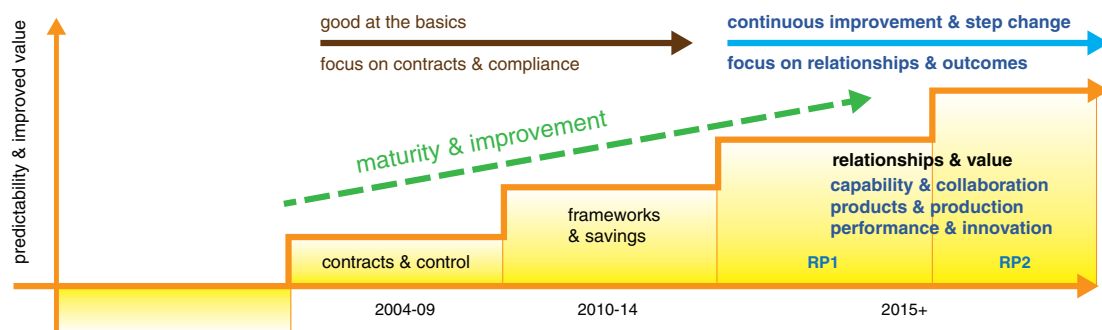
Maturing our approach

More advanced relationships

The new performance challenge requires Highways England to adopt more mature practices with:

- more time on relationships, outcomes and less time on contracts and compliance
- more motivating success, less penalising failure
- more value improvement, less process adherence
- more shared outcomes, less man for man marking
- more tomorrow's innovation, less refining yesterday's solutions

We want these relationships to be an industry benchmark, to be positive and rewarding for Highways England and our partners.



Developing the capability of our people

- We will change the way we work with highway suppliers moving from managed contracts to developing more efficient peer to peer relationships with highway suppliers where value is added.
- Stream line our processes so we get more value and productivity from the people already in our organisation and our supply chain.
- Work with highway suppliers and wider industry to identify capability and capacity gaps and then implement plans to address these including apprentice and graduate plans.
- Diversify our capability to bring fresh perspectives that open innovation and bring greater insight into different customer populations.



Value chain structure

The level of engagement with highway suppliers will be based on the value created as opposed to historical supply chain hierarchies, such as, where is the value from road markings suppliers?

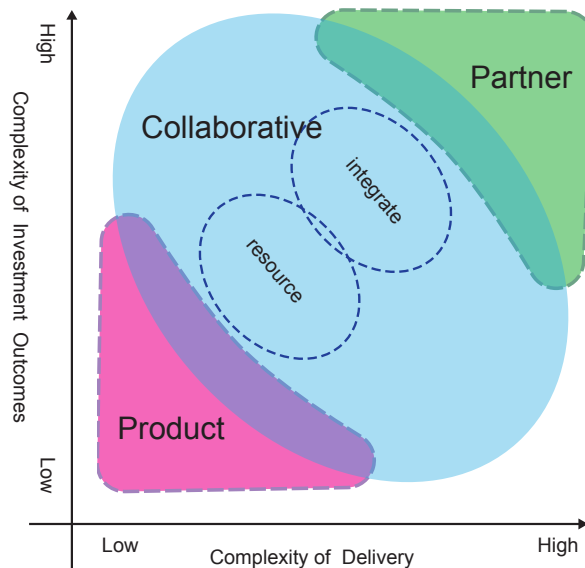
- as a supplier of a commodity at T3 or T4 level supply chain? or
- in developing materials that enhance performance? or
- in work done (time and cost) to complete a project? or
- in the markings and symbols that provide routing and safety information and influence experience to road users?

Develop relationships

Structuring our approach

A structured approach

Highways England will establish relationships with suppliers that are proportionate, targeted and mutually beneficial. Across the investment programmes three main styles of relationships which engage the required mix of Highways England and highway suppliers capability will be used.



Each of the styles of relationship with suppliers makes allowance for the differences in risk and opportunity in delivering outcomes and focuses on an ease of doing business that enables success.

Product relationships

Recognises value can be gained through more traditional transactional relationships that leverage value by aggregating demand and by buying against tight performance specifications.

Collaborative relationships

Aligns best Highways England and best highway supplier capability around shared objectives, rewards and performance outcomes.

Given the diversity of the investment programmes, we will use several levels of collaborative relationship to give the best opportunity to build 'make-buy-collaborate' capability:

- resource ... balance of capability held in and led by Highways England
- integrate ... Highways England and highway suppliers align around shared goals

Collaborative relationships are the most impactful in terms of number of relationships, spend influence and performance impact.

Partner relationships

Creates business to business relationships that share ownership of results and learning - where we really start to explore new ways of working re-thinking traditional approaches.

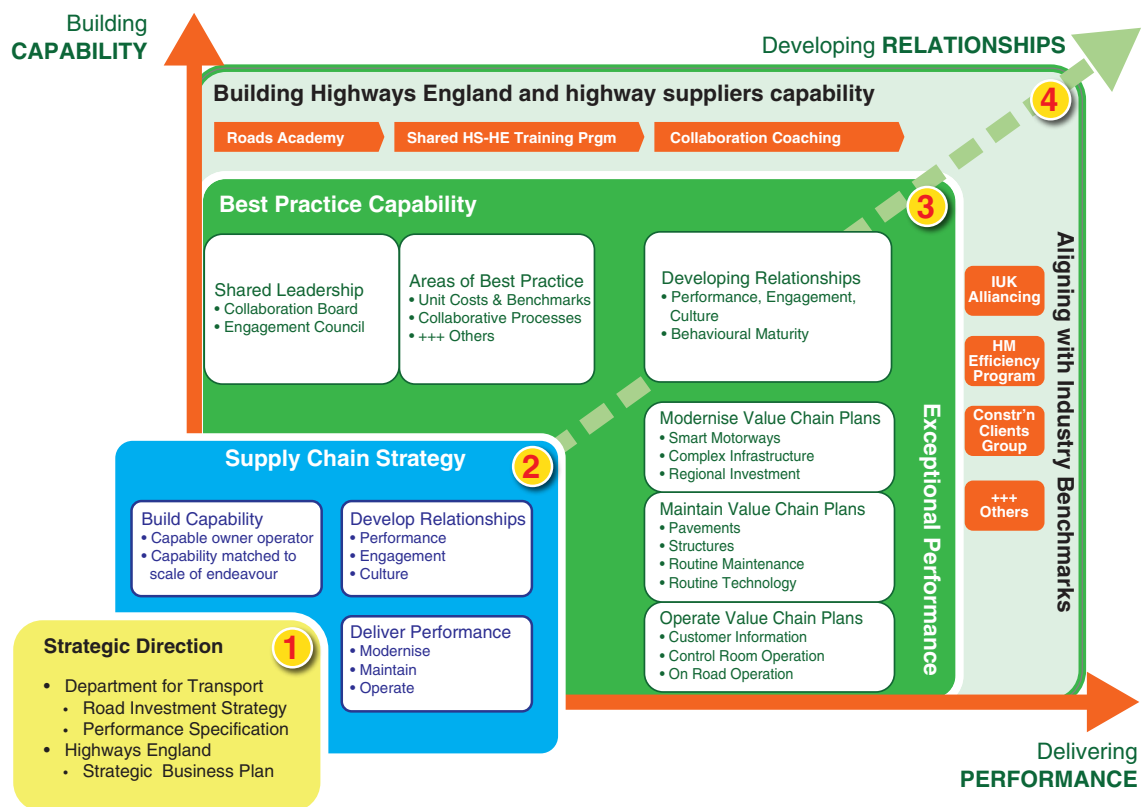
Deliver performance

Landing the strategy

Three routes

Routes to implementation are structured on three dimensions:

- delivering exceptional **performance** by developing and deploying Value Chain Plans
- building best practice **capability** by developing leadership, skills and intelligence
- developing **relationships** that underpin delivering performance and capability



Early activity

The implementation approach will shape supporting activity like procurement, measurement, targets, commercial incentives, standards, specifications, etc. to ensure a joined up approach.

Early activity focuses on:

- developing Value Chain Plans across key investment areas
- putting in place the right structures to engage highway suppliers
- identifying and building the right capability
- communicating direction and change plans

Deliver performance

Developing performance

Structured approach to understand and improving value

Value Chain Plans approach performance and capability differently. Over time we will develop understanding of the value each area of capability brings in providing customer facing solutions (assets and/or services) and how it best connects with other areas of capability to:

- eliminate waste (cost, time and quality)
- access innovation and improvement

Intelligence, jointly developed by Highways England and highway suppliers, will then shape actions to adopt better practices and products, to deliver better solutions and services.



Modernise, maintain and operate Value Chain Plans



Adopting Value Chain Plans

Impetus of change effort (pace and paradigm) will be given by concentrating on fewer leading ideas that get delivered and sustained.

Integral with Investment Delivery Plans

As Investment Delivery Plans come forward, Value Chain Plans will influence at four main touch points:



A journey of maturity

A Value Chain Plan will have a horizon of 5 years to cover Road Period 1, with specific plans and actions maturing over time:

- as more knowledge is gained on where investments are to be made
- as more insight is developed on where the value/waste is positioned within practices and products of both Highways England and highway suppliers

Periodic update of plans and actions will be required to support continuous learning and improvement.

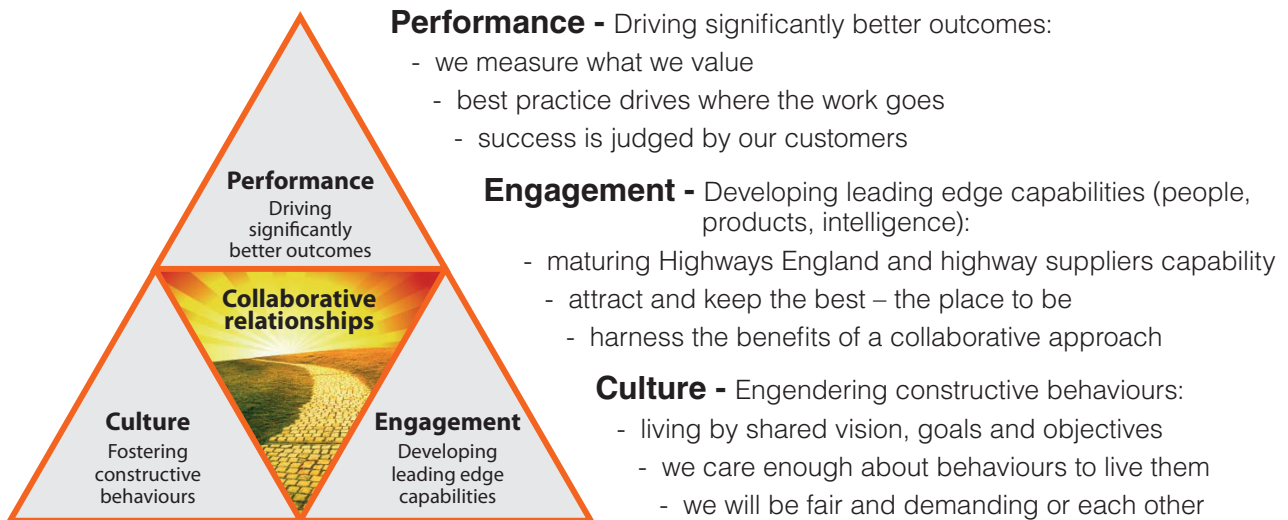
Deliver performance

Developing relationships and capability

Creating different and better

Developing relationships applies to differing extents across Product, Collaboration and Partner environments. We will judge success more by the value of outcomes to our customers rather than the performance of client-supplier procurement hierarchies and will build these relationships through three main aspects:

Relationships built around three sets of core principles



A strong emphasis on behaviours

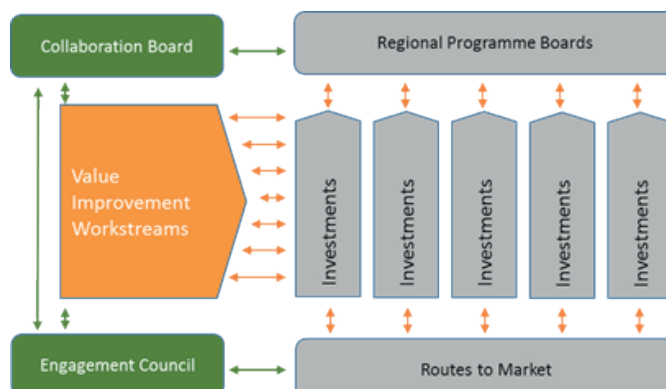
The implementation approach will develop and use shared behavioural tools and techniques that help select and coach the right skills, competencies and behaviours to deliver performance.

Building capability

Much of the improvement and investment agenda hinges on people, equipment and organisational capability. The certainty of funding gives confidence to invest in upskilling practices and people including apprentice and graduate plans.

Establishing leadership

Creation and implementation of a shared governance structure and set of improvement work streams jointly lead and resourced by Highways England and highway suppliers has begun.



Deliver performance

Developing relationships and capability

Leadership, owning expenditure and improvement agenda

The leadership and governance dialogue has established that capability should be pulled from both Highways England and highway supplier executives. The leadership structure (see page 9) is initially formed of two fora:

Engagement Council

- membership extends to all who supply services, goods or works to Highways England
- prime route for collaborative engagement between Highways England and highway suppliers
- promotes innovation and improvement, sets pace and drives progress

Collaboration Board

- elected representatives from the Engagement Council tasked with taking forward specific issues and commitments
- seek to enable change within Highways England and highway supplier organisations
- exercises governance vs objectives, enables change and reduces barriers
- sanctions improvements and work streams are established (orange, bottom of page 9) to develop and adopt best in class practices and products that align to Value Chains

Summary

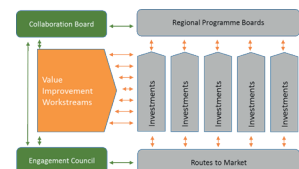
Highways England has a challenging and ambitious plan. Our primary driver is to improve the safety of the network. We will enhance customer service and business performance at the same time as delivering a significant rise in investment.

Delivering this ambition means changes for our business and our supply chain, and how these relationships operate. This Supply Chain Strategy sets out the direction of travel, whilst Value Chain Plans set out specifics for procuring and delivering improved performance. Central to the changes are better relationships – to address this challenge we have created a new structure for engagement and collaboration.

The structure is in place to ensure all highway suppliers, wherever they sit within the supply chain network, can have a voice and show leadership in identifying waste and improvement to deliver better value.

The opportunity and challenge for Highways England and highway suppliers is significant, a once in a generation opportunity; how we respond will shape the Strategic Road Network for future generations.

Start engaging with Highways England and highway suppliers through scm@highwaysengland.co.uk



Collaborative relationships are one of the ways you get the absolute maximum out of your resources. Moving to a collaborative partnership, providing you can manage it effectively and efficiently, provides the best value for our customers – DfT and road users.

Keep safe.

Jim O'Sullivan, August 2015

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Highways England creative job number N150251

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Printed on paper from well-managed forests and other controlled sources.

Registered office Bridge House, 1 Walnut Tree Close, Guildford GU1 4LZ
Highways England Company Limited registered in England and Wales number 09346363